

## Message Text

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ACTION EB-07

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01  
SP-02 USIA-06 AGRE-00 AID-05 CIAE-00 COME-00  
INR-07 LAB-04 NSAE-00 OIC-02 EPG-02 SIL-01 STR-04  
TRSE-00 CEA-01 AF-10 ARA-10 EA-07 EUR-12 NEA-10  
DODE-00 H-01 INT-05 NSC-05 PA-01 SS-15 PRS-01  
FEAE-00 /140 W

-----045685 221916Z /46

R 221724Z JUN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 8505

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FOR EB/OT/GCP - BASS AND COMMERCE OTP - PARHAM

EO 11652:INA

TAGS: ETRD, UNCTAD, EGEN

SUBJ: UNCTAD COMMITTEE ON PREFERENCES

1. AT GROUP B CONSULTATION WITH UNCTAD SECRETARIAT  
JUNE 22 SECRETARIAT NOTED THAT, NOW THAT CIEC HAS DEVELOPED NEW  
AGREEMENT ON GSP CONTINUATION G-77 WILL PROBABLY WANT FIRMER  
ASSURANCES ON DETAILS CONCERNING CONTINUATION OF GSP AND THESE  
ASSURANCES COULD TAKE FOLLOWING FORMS:

A) AGREEMENT TO EXTEND GSP FOR FURTHER PERIOD  
B. MORE ACCELERATED PROGRESS IN IMPLEMENTING IMPROVEMENTS  
C. CONSULTATION PROCEDURES ON CHANGES AND WITHDRAWALS  
D. PROGRESS IN SIMPLIFICATION AND CUMULATION IN RESPECT TO  
RULES OF ORIGIN.

2. AT GROUP MEETING JUNE 21 GROUP B COORDINATOR (MONTGOMERY)  
SAID HE EXPECTS TO RELY ON G-8 POSITION IN CIEC IN DIS-  
CUSSING QUESTIONS OF FUTURE AND SECURITY OF GSP. HE ALSO  
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SUGGESTED THAT DELEGATIONS BE FAMILIAR WITH THE REPORT OF THE  
PREFERENCES COMMITTEE'S FOURTH SESSION (TD/B/329 RES 1)  
AS IT HAS PLAYED AN IMPORTANT ROLE IN PREVIOUS PREFERENCES  
MEETINGS. MONTGOMERY ANNOUNCED GROUP B WILL MEET 10 AM  
JUNE 27. TURKEY SAID THAT DURING PREFERENCES MEETING IT  
WILL RAISE PROBLEMS IT HAS WITH APPLICATION OF THE 50 PERCENT  
COMPETITIVE NEED LIMITATION IN THE US SCHEME WHICH CAN

EXCLUDE PRODUCTS EVEN WHEN EXPORTS ARE STABLE OR DECLINING.  
(SEE ALSO ANKARA 2848.)

3. WE INFORMED THAT BRAZIL PLANS MAKE MAJOR SPEECH EARLY  
IN THE MEETING AND WILL PROBABLY REPEAT COMMENTS  
REGARDING US SCHEME IT MADE AT RECENT OAS MEETING IN  
BUENOS AIRES.

4. UNCTAD DOCUMENT TD/B/C.5/53, GENERAL REPORT ON  
IMPLEMENTATION OF GSP, JUST RELEASED. FOLLOWING ARE MAIN  
POINTS IN THE CONCLUSION.  
IMPROVMENTS IN GSP SCHEMES HAVE INCREASED SHARE OF LDC  
EXPORTS TO DCS COVERED BY GSP. DUE TO EXCLUSIONS, LIMITED  
COVERAGE OF AGRICULTURAL PRODUCTS AND LIMITATIONS ON  
PREFERENTIAL IMPORTS THERE IS LARGE SCOPE AND URGENT NEED  
FOR RADICAL IMPROVEMENT OF GSP. TO ACHIEVE OBJECTIVES OF  
CONFERENCE RES 21 (II), RECOMMENDATIONS IN TD/B/C.5/41  
PREPARED FOR 1975 PREFERENCES MEETING STILL VALID. ON LEGAL STATUS  
AND DURATION OF GSP, COMMITTEE SHOULD CONSIDER HOW TO MAKE GSP  
CONCESSIONS MORE SECURE AND STABLE. ALSO THE AGREEMENT ON  
THE EXTENSION OF GSP SHOULD BE MADE MORE SPECIFIC, E.G.  
AN EXTENSION OF 10 YEARS. ON IMPROVEMENTS IN THE SCHEME,  
BECAUSE OF DIFFERENCES IN RULES OF ORIGIN AND ELEMENTS  
OF THE SCHEMES, HARMONIZATION AND SIMPLIFICATION OF  
SCHEMES WOULD MAKE GSP MORE EFFECTIVE. THIS CAN BE  
ACHIEVED BY ELIMINATION OF LIMITATIONS ON PREFERENTIAL  
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IMPORTS OR AT LEAST BY MAINTAINING THEM ON ONLY GENUINELY  
SENSITIVE PRODUCTS. FOLLOWING OTHER IMPROVEMENTS ALSO  
SUGGESTED:

- EXTENSION OF PRODUCT COVERAGE TO ALL PRODUCTS OF CURRENT  
EXPORT INTEREST TO DEVELOPING COUNTRIES, INCLUDING  
AGRICULTURAL PRODUCTS;
- DUTY-FREE ENTRY FOR ALL PRODUCTS COVERED;
- SUBSTANTIVE HARMONIZATION AND LIBERALIZATION OF THE RULES OF  
ORIGIN; AND
- NON-DISCRIMINATORY APPLICATION OF GENERALIZED PREFERENCES  
TO ALL DEVELOPING COUNTRIES.

COMMITTEE MAY WISH TO CONSIDER AND RECOMMEND MEASURES FOR  
SAFEGUARDING PREFERENTIAL TARIFF MARGINS SUCH AS EXCLUDING  
FROM MFN CUTS CERTAIN PRODUCTS OF INTEREST TO LDCS, OR  
SMALLER THAN AVERAGE TARIFF CUTS AND/OR LONGER PERIODS FOR  
STAGING SUCH TARIFF REDUCTIONS.

5. DOCUMENT TD/B/C.5/52 ON GSP IN THE MTN STILL NOT AVAILABLE  
BUT DRAFT COPY HANDCARRIED TO WASHINGTON BY GORDON STREEB  
JUNE 20. SECRETARIAT NOTED AT JUNE 22 CONSULTATION THAT  
DOCUMENT ANALYZES EFFECTS OF PROPOSED MTN TARIFF FORMULA

ON PRODUCTS OF INTEREST TO LDCS AND IDENTIFIES PRODUCTS ON WHICH LDCS MAY WANT TO SEEK TO MAINTAIN PREFERENTIAL MARGINS ESPECIALLY IF OTHER LIMITATIONS ON TRADE IN THESE PRODUCTS ARE ELIMINATED. DOCUMENT ALSO NOTES THAT US TARIFF FORMULA WOULD RESULT IN DEEPER CUTS THAN THE EC FORMULA IN MFN RATES AND GSP MARGINS. NEITHER FORMULA WILL ELIMINATE TARIFF ESCALATION. SORENSON

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## Message Attributes

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**Review Markings:**  
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